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Approved For Release 2003/11/04 : CIA-RDP67B00446R000500210002-2

06-65-2814

*File Insurance*  
*C.R. P+A*

14 SEP 1965

Mr. Thomas A. Tinsley, Director  
Bureau of Employees' Compensation  
Washington 25, D. C.

Dear Mr. Tinsley:

On 6 November 1962, we submitted for your consideration certain hypothetical situations with a request for your opinion as to whether certain payments contemplated by this Agency might in any way affect or impair an employee's or his survivor's rights to the benefits of the Federal Employees' Compensation Act. Your answer, dated 8 November 1962, informed us that there was no conflict within the facts submitted in our hypothetical situations.

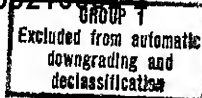
The purpose of this letter is to extend our inquiry of 6 November 1962 to another hypothetical situation and again to secure your advice as to whether the payment contemplated by this Agency, as described below, will in any way impair an employee's or his survivor's rights to FECA benefits.

Many Agency employees, as a normal part of their planning for the support of their families in the event of their disability or death, have purchased various forms of insurance such as life, accident, disability, and income replacement. Many life insurance policies and particularly policies with coverage for disability or death resulting from accident contain clauses which cancel the coverage in the event the individual is engaged in activities or traveling by means considered excessively hazardous. There also may be exclusions relating to mere presence in specific countries or geographic areas where civil strife or warfare is present or imminent.

Agency employees in the performance of their duties will be required from time to time to serve with disregard of the exclusion clauses of their insurance policies and in so doing, they will negate the insurance protections established for their families. In the event death or disability were to occur, the individual or his beneficiaries would suffer actual dollar losses running in most cases to the thousands or even tens of thousands of dollars.

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It has always been basic Agency policy that employees should not suffer financial losses attributable to the performance of directed duties. Historically, the Agency has vigorously attacked any general administrative regulations such as allowance and travel regulations which from time to time did monetary harm to the employee. Where legally possible the Agency has quickly corrected the situation or alternatively has devised supplementary allowances or claim procedures to prevent or minimize financial harm to the employee.

Consistent with this tradition, it is proposed that the Agency adopt a positive policy to assist employees in defraying the actual loss of insurance benefits when such loss is directly attributable to their official duties (including travel as directed by the Agency) or to their presence at Agency direction in an area affected by a general exclusion clause. Such assistance should not, we believe, be without limitation. Rather, we believe that there should be a limit which would be defensible as a matter of public policy but which would also permit full payment at least in the majority of cases. We have no hard evidence on which to establish a suggested maximum. A limit of \$50,000 is proposed as a reasonable compromise which would not be made to appear a "windfall" on the one hand while not depriving survivors on the other hand. Further, denial of payment by an insurance carrier should not, in our opinion, be prima facie evidence of an entitlement to assistance. Rather, we believe that Agency management must itself determine in each case that the facts of the situation warrant payment in accordance with the proposed policy.

The payment, or financial assistance, described above is not intended as a benefit to the employee as compensation for death or disability or in any way to satisfy any legal or other liability of this Agency or the U. S. Government for the employee's death or disability. We fully understand that the satisfaction of this liability is the purpose of the Federal Employees' Compensation Act. Rather, our payment or financial assistance is intended to minimize or even to avoid any loss of the employee's insurance coverage, because of requirements of duty imposed on him. We feel that the intent of the payment described above and our purpose in rendering this type of financial assistance falls within the

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meaning or at least the spirit of your Memorandum for the File dated 8 November 1962 and are hopeful that you will again find that there would be no conflict between the payment described above and the benefits of the Federal Employees' Compensation Act.

Your early consideration of this request will be appreciated.

Sincerely,

/s/ Emmett D. Echols

Emmett D. Echols  
Director of Personnel

Distribution:

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OP/BSO  bhd (13 September 1965)

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2	<i>7DO1</i>				
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ACTION		DIRECT REPLY		PREPARE REPLY	
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